

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to establish  
the California Institute for Climate Solutions.

Rulemaking 07-09-008

**COMMENTS OF THE NATURAL RESOURCES DEFENSE COUNCIL  
ON THE DRAFT PROPOSED DECISION IN THE RULEMAKING  
TO CONSIDER ESTABLISHING  
CALIFORNIA INSTITUTE FOR CLIMATE SOLUTIONS**

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March 3, 2008

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**INTRODUCTION AND SUMMARY**

The Natural Resources Defense Council (NRDC) respectfully submits these comments, in accordance with Rules 14.3, 1.9, and 1.10 of the California Public Utilities Commission's (CPUC or Commission) Rules of Practice and Procedure, on the Draft Proposed Decision (PD) in the Rulemaking to Consider Establishing California Institute for Climate Solutions issued February 11, 2008.

NRDC is a non-profit membership organization with a long-standing interest in minimizing the societal costs of the reliable energy services that a healthy California economy needs. In this proceeding, NRDC represents its more than 124,000 California members' interest in receiving affordable energy services and reducing the environmental impact of California's energy consumption.

NRDC commends the Commission and the University of California (UC) for working closely with educational institutions and other stakeholders to strengthen and improve upon the originally submitted CICS proposal. NRDC continues to support the general mission for the CICS. Increased, aggressive public interest research, technology and workforce development, and education efforts are necessary to tackle California's long-term global warming emissions reduction goals in the most cost-effective manner. NRDC continues to strongly support the proposed funding level of \$60 million per year for ten years for energy-related RD&D and

education/workforce development. However, limited but important modifications to the PD are necessary in order to truly achieve the aggressive goals the PD sets out for the CICS. NRDC makes specific recommendations for these limited modifications in these comments.

### **Mission Statement**

NRDC continues to support generally the three key aspects of the draft proposed CICS mission statement. Through research, dissemination of technological knowledge, and education and workforce training, the CICS can make significant contributions to California's reduction of greenhouse gases. One specific addition to this mission statement, however, should not be included.

*Generating policy should not be part of the CICS mission.* The mission statement contemplates that grants will result in policy recommendations. As we noted in our reply comments: "policy development activities that get into policy formulation, development and outreach are the purview of the Legislature, Governor and regulatory agencies and are not appropriate for CICS. However, it might be appropriate if the focus of the policy-related activities were on technical impact and design analysis of policy options as information for policy makers." (NRDC Reply Comments pp. 5-6.) We recommend that the first provision of the mission statement focus exclusively on "technological solutions." The CICS should not fund research that focuses on developing policy or specific recommendations.

#### **Recommended Modification:**

- (1) To administer grants to facilitate mission-oriented, applied and directed research that results in practical technological solutions and policy ~~options recommendations~~ likely to reduce GHG emissions or otherwise mitigate the impacts of climate change in California. (PD p. 3; Finding of Fact # 1, p. 52; Attachment A p. 1.)

### **Education and Workforce Development should be a more significant part of the CICS, and its focus should be more expansive and inclusive of relevant populations and workforces.**

NRDC continues to recommend that the education and workforce development aspect of the CICS be further developed as a more significant part of the CICS mission. The need for a changing workforce is one of the major challenges facing California, which is exacerbated by the aging of the energy workforce. The draft proposed decision recognizes this challenge and, as

compared to the initial proposals, provides additional details describing how the CICS would address it. This aspect of the CICS proposal, however, could be further improved.

*Increase funding.* The CICS will be uniquely positioned to address the state's need for a changing workforce. Accordingly, the dedication of only 10% of the CICS yearly budget to education and workforce training is insufficient. We recognize that 5% of the budget is discretionary, but there is no guarantee that any, let alone a significant portion, of this discretionary spending would be dedicated to education and workforce training. Accordingly, NRDC strongly suggests that the Commission dedicate a minimum of 15% of the budget to education and workforce training. Or, at a minimum, the Commission should increase the percent of the budget that is discretionary, without taking away any of the funds already dedicated to education and workforce training.

Recommended Modification:

- Maximum of 10% of the total funding for Administration and Strategic Planning
- Minimum of ~~70%~~ 75% for competitively awarded grants for Applied R&D
- Minimum of ~~15%~~ 40% for Education and Workforce Training grants
- Governing Board and the Director to exercise discretion with remaining 5%<sup>1</sup>

(PD pp. 24, 26; Finding of Fact # 12, p. 53; Conclusions of Law # 7, p. 59; Order # 12, p. 65.)

*Broader perspective on education and workforce training.* As is illustrated by the academic focus of the proposed Governing Board, the draft proposed decision describing the CICS heavily emphasizes academic research and higher education. Section 3.6.2, "Workforce Training and Education Committee," addresses many important aspects of education and workforce training, including: workforce needs of the IOUs, workforce training in the CSUs and CCs, and targeting underserved and disadvantaged communities. These critical education and workforce training considerations often cannot be met within the strict confines of university research and education. Accordingly, the Commission should clarify throughout the final

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<sup>1</sup> We note that the percentage allocations of the budget do not seem entirely consistent throughout the Draft Proposed Decision. The Draft Proposed Decision, page 24, indicates that 5% of the budget is discretionary, whereas Order # 12, page 65, indicates that 5% of the budget is dedicated to technology transfer and commercialization functions.

decision that the CICS will fund education and workforce training through a wide variety of programs. These might include, for example, community workforce training programs, high school technical programs, adult English as a Second Language programs, and more.

*Applicants for CICS grants.* NRDC is concerned by the requirement that “[a]pplicants for a CICS programmatic grant must be employed by a California academic institution.” (PD p.37.) Many important education and workforce training programs are run by organizations *other than* California academic institutions, and these organizations should not be precluded from receiving grant funding from the CICS. We observe also that “[a]pplicants for a CICS grant need not hold an academic position or be affiliated with a University or publicly funded research laboratory.” (*Id.*) The Draft Proposed Decision thus seems to make a distinction between “grants” and “programmatic grants,” but the difference between the two is not clear. (PD p.37.) This difference should be clarified and grants for education and workforce training should not be limited to academic institutions.

*Clarify membership of Workforce Training and Education Committee.* The draft proposed decision indicates that the WTEC will include “experts selected from CSU/CC systems, California’s IOUs, government, industry, public/private sectors and the environmental and education communities.” (PD p.42.) This composition of the WTEC is reasonable; it includes members with differing expertise together representing a range of relevant institutions and perspectives. However, the composition of the WTEC as specified in Attachment A is very different, and much less appropriate. It includes only faculty members “of the UC, CSU and CC systems, Stanford, USC, and Caltech.” (Attachment A, p. 7.) The Commission should clarify the composition of the WTEC, and we strongly recommend that its membership be similar to that described in the draft proposed decision (PD p. 42).

### **CICS programs and research should be relevant and beneficial to billpayers.**

NRDC continues to support a strong emphasis on programs and research that will result in benefits to billpayers.<sup>2</sup> We recognize that it is difficult to discern at the outset and in the

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<sup>2</sup> NRDC observes that the draft proposed decision misattributes a comment to NRDC. It states that “NRDC justifies the ratepayer funding by arguing that even though California rates are high, energy bills are comparable or

abstract which programs and research will be relevant and beneficial to billpayers in particular. We commend the Commission for proposing a method to focus on billpayer benefits, without adopting a rigid notion of these benefits. The focus on billpayer benefits, however, should be further strengthened. (PD pp. 16-17, 31, 34-35.)

*The CICS should have more than “strong preference” for research that is relevant and beneficial to billpayers: NRDC recommends that this research be given first priority.* The CICS should first fund all qualified and promising research proposals that are directly relevant to billpayers. If additional funding remains, the CICS may then consider funding research that is indirectly relevant to billpayers.

**Targeted planning and ongoing coordination should be required in order to avoid duplication and maximize coordination.**

NRDC commends the Commission for requiring that the CICS Roadmap process begin with an inventory of publicly funded climate change-related research and education efforts. (PD pp. 7-8, 32, 34-35.) Several of the proposal’s research and education themes may overlap with PIER program priorities and other RD&D program efforts, and it is critical that the CICS identify opportunities for coordination and avoid unnecessary duplication. An inventory alone, however, will not ensure that duplication is avoided. Careful planning and ongoing coordination is necessary.

The draft proposed decision identifies the need for strategic planning, but describes this planning in a manner that is inconsistent with the limited scope of the CICS. While the CICS would certainly be a critical component of California’s climate solutions, it is not all-encompassing. The CICS will supplement the work of CARB, the CEC, other state agencies, regional agencies, and local governments, each of which has its own research and policy priorities. Accordingly, while it is important that the CICS inventory all of the relevant RD&D and education efforts in the state, in order avoid duplication and maximize coordination, it is not the role of the CICS to identify all policy and economic barriers to the state’s proposed greenhouse gas reduction measures. (PD pp. 34-35.)

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even low compared to similar states like Florida and Texas.” (draft proposed decision, p. 14; Attachment D, p. 17.) In our reply comments, we noted that *other parties* argued that California rates are high, and we responded to this argument by clarifying that California's bills are comparable or lower than those in other states. (NRDC Reply Comments, p. 9.)

Ongoing coordination between the CICS and other agencies will be critical to the success of the Institute. The draft proposed decision contemplates only an initial inventory and Roadmap process. Noticeably lacking is any requirement that the CICS must, or description of how it should, coordinate with other agencies on an ongoing basis.

### **Additional suggestions**

*To increase the accountability of the CICS to the Commission, the CICS annual report should be circulated to the entire Commission.* NRDC commends the Commission for increasing the accountability of the CICS to the ratepayers and the Commission. In addition to the accountability measures specified in the draft proposed decision (PD pp. 44-47), NRDC recommends that the CICS annual report be circulated to all Commissioners.

*Non-Californians should be eligible to receive CICS grants.* NRDC recognizes the importance of funding research done by Californians or entities that have a presence in California. California has a wealth of research resources, and the CICS will be able to obtain excellent research from Californians. In some cases, however, it may be that the best researchers for a particular topic are outside of the state. Limiting research grants to Californians is unduly restrictive. Rather than imposing a definitive restriction, the CICS could instead state a *preference* for Californians. (PD p.37.)

*Ad hoc peer review panels.* NRDC supports the suggestion that ad hoc review panels should be assembled for each RFA (p. 39). We note, however, that these panels are not described in Attachment A (p. 7), as the relevant responsibility appears to be given to the Strategic Research Committee.

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Respectfully submitted



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## CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the **“Comments of the Natural Resources Defense Council on the Draft Proposed Decision in the Rulemaking to Consider Establishing California Institute for Climate Solutions, R.07-09-008** to all known parties of record in this proceeding by delivering a copy via email or by mailing a copy properly addressed with first class postage prepaid.

Executed on March 3, 2008 at San Francisco, California.



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